

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 909 - HB 1213

March 22, 2011

SUMMARY OF BILL: Requires that 50 percent of the funds expended for in-home visiting services are used for evidenced-based models during FY11-12 and that 75 percent of such funds are used for evidenced-based programs during FY12-13 and each year thereafter. Specifies that “evidence-based” means a program or practice of scientific research using methods that meet high scientific standards, evaluated using either randomized controlled research designs or quasi-experimental research designs with equivalent comparison groups.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$5,520,000/FY11-12
\$10,932,600/FY12-13
\$10,688,600/FY13-14 and Subsequent Years**

**Increase Federal Expenditures – \$2,681,500/FY11-12
\$5,310,800/FY12-13
\$5,192,300/FY13-14 and Subsequent Years**

Assumptions:

- The number of families receiving in-home visiting services will remain at the current level of 7,411.
- According to the Department of Health (DOH), the Healthy Families America (HFA) evidence-based model most closely fits the needs of the state’s current home visiting population. The Department estimates that the HFA model for evidence-based home visiting would cost approximately \$7,042 per family in recurring costs.
- Current DOH expenditures on home visiting programs are \$10,859,498, for an average of \$1,465 per family ($\$10,859,498 / 7,411$ families).
- In FY11-12, 50 percent of funds spent will be used for evidenced-based models. As a result, 1,276 families will be provided these new evidenced-based services and 6,135 will receive the current home visiting program services. The total amount of funds required to provide the required services will be \$17,973,367 [$(\$1,465 \times 6,135) + (\$7,042 \times 1,276)$].
- The resulting increase in state expenditures will be \$7,113,869 ($\$17,973,367 - \$10,859,498$).

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- In FY12-13 and each year thereafter, 75 percent of funds spent will be used for evidenced-based models. As a result, 2,848 families will be provided these new evidenced-based services and 4,563 will receive the current home visiting program services. The total amount of funds required to provide the required services will be \$26,740,411 $[(\$1,465 \times 4,563) + (\$7,042 \times 2,848)]$.
- The resulting increase in state expenditures will be \$15,880,913 (\$26,740,411 - \$10,859,498).
- DOH estimates that one-time costs associated with the implementation of HFA model for serving 7,411 families would be \$3,773,300. The program is expected to serve 38.43 percent of that number $(2,848 / 7,411)$ and, as a result, one-time costs are estimated to be \$1,450,079 $(\$3,773,300 \times 38.43\%)$.
- DOH estimates that 75 percent, or \$1,087,559, of one-time expenditures will be incurred in FY11-12. Twenty-five percent, or \$362,520, will be incurred in FY12-13.
- The total increase in expenditures in FY11-12 will be \$8,201,428 $(\$7,113,869 + \$1,087,559)$. The total increase in expenditures in FY12-13 will be \$16,243,433 $(\$15,880,913 + \$362,520)$. The total increase in expenditures in FY13-14 and each year thereafter will be \$15,880,913.
- Currently, the Department of Health HUGS and CHAD programs are funded through a contract with the Bureau of TennCare at a 50 percent federal match rate. Last year, the Department expended \$7,100,707 (65.39 percent of the total amount spent on home visiting programs), of which \$3,550,353 (50 percent) was federal funded.
- It is assumed that 65.39 percent of the increase in expenditures will be used for HUGS and CHAD programs and will receive the 50 percent federal match rate.
- The total increase in federal expenditures in FY11-12 will be \$2,681,457 $(\$8,201,428 \times 65.39\% \times 50\%)$ and the total increase in state expenditures in FY11-12 will be \$5,519,971 $(\$8,201,428 - \$2,681,457)$.
- The total increase in federal expenditures in FY12-13 will be \$5,310,790 $(\$16,243,433 \times 65.39\% \times 50\%)$ and the total increase in state expenditures in FY12-13 will be \$10,932,643 $(\$16,243,433 - \$5,310,790)$.
- The total increase in federal expenditures in FY13-14 and subsequent years will be \$5,192,265 $(\$15,880,913 \times 65.39\% \times 50\%)$ and the total increase in state expenditures in FY13-14 and subsequent years will be \$10,688,648 $(\$15,880,913 - \$5,192,264)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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